

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 2352**

Chapter 334, Laws of 2007

60th Legislature  
2007 Regular Session

FARMING--EXCISE TAXATION

EFFECTIVE DATE: 08/01/07

Passed by the House April 16, 2007  
Yeas 90 Nays 2

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 6, 2007  
Yeas 42 Nays 5

BRAD OWEN

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**President of the Senate**

Approved May 4, 2007, 4:50 p.m.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2352** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

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**Chief Clerk**

FILED

May 7, 2007

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 2352**

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AS AMENDED BY THE SENATE

Passed Legislature - 2007 Regular Session

**State of Washington**                      **60th Legislature**                      **2007 Regular Session**

**By**            House    Committee    on    Finance    (originally    sponsored    by  
Representatives Grant, Linville, Simpson and Bailey)

READ FIRST TIME 03/12/07.

1            AN ACT Relating to the excise taxation of persons engaged in  
2 farming and farming services; adding a new section to chapter 82.04  
3 RCW; adding a new section to chapter 82.16 RCW; providing an effective  
4 date; and providing an expiration date.

5    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.**    A new section is added to chapter 82.04 RCW  
7 to read as follows:

8            (1) This chapter does not apply to any:

9            (a) Person performing custom farming services for a farmer, when  
10 the person performing the custom farming services is: (i) An eligible  
11 farmer; or (ii) at least fifty percent owned by an eligible farmer; or

12            (b) Person performing farm management services, contract labor  
13 services, services provided with respect to animals that are  
14 agricultural products, or any combination of these services, for a  
15 farmer or for a person performing custom farming services, when the  
16 person performing the farm management services, contract labor  
17 services, services with respect to animals, or any combination of these  
18 services, and the farmer or person performing custom farming services  
19 are related.

1 (2) The definitions in this subsection apply throughout this  
2 section.

3 (a) "Custom farming services" means the performance of specific  
4 farming operations through the use of any farm machinery or equipment,  
5 farm implement, or draft animal, together with an operator, when: (i)  
6 The specific farming operation consists of activities directly related  
7 to the growing, raising, or producing of any agricultural product to be  
8 sold or consumed by a farmer; and (ii) the performance of the specific  
9 farming operation is for, and under a contract with, or the direction  
10 or supervision of, a farmer. "Custom farming services" does not  
11 include the custom application of fertilizers, chemicals, or  
12 biologicals.

13 For the purposes of this subsection (2)(a), "specific farming  
14 operation" includes specific planting, cultivating, or harvesting  
15 activities, or similar specific farming operations. The term does not  
16 include veterinary services as defined in RCW 18.92.010; farrier,  
17 boarding, training, or appraisal services; artificial insemination or  
18 stud services, agricultural consulting services; packing or processing  
19 of agricultural products; or pumping or other waste disposal services.

20 (b) "Eligible farmer" means a person who is eligible for an  
21 exemption certificate under RCW 82.08.855 at the time that the custom  
22 farming services are rendered, regardless of whether the person has  
23 applied for an exemption certificate under RCW 82.08.855.

24 (c) "Farm management services" means the consultative decisions  
25 made for the operations of the farm including, but not limited to,  
26 determining which crops to plant, the choice and timing of application  
27 of fertilizers and chemicals, the horticultural practices to apply, the  
28 marketing of crops and livestock, and the care and feeding of animals.

29 (d) "Related" means having any of the relationships specifically  
30 described in section 267(b) (1), (2), and (4) through (13) of the  
31 internal revenue code, as amended or renumbered as of January 1, 2007.

32 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW  
33 to read as follows:

34 (1) This chapter shall not apply to any person hauling agricultural  
35 products or farm machinery or equipment for a farmer or for a person  
36 performing custom farming services, when the person providing the

1 hauling and the farmer or person performing custom farming services are  
2 related.

3 (2) The exemption provided by this section shall not apply to the  
4 hauling of any substances or articles manufactured from agricultural  
5 products. For the purposes of this subsection, "manufactured" has the  
6 same meaning as "to manufacture" in RCW 82.04.120.

7 (3) The definitions in RCW 82.04.213 and section 1 of this act  
8 apply to this section.

9 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2007.

10 NEW SECTION. **Sec. 4.** This act expires December 31, 2020.

Passed by the House April 16, 2007.

Passed by the Senate April 6, 2007.

Approved by the Governor May 4, 2007.

Filed in Office of Secretary of State May 7, 2007.